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ANNUAL OUTLOOK ISSUE

THE

AGRICULTURAL

• SITUATION •

NOVEMBER 1943

A Brief Summary of Economic Conditions

Issued Monthly by the Bureau of Agricultural Economics, United States Department of Agriculture

Subscription price, 50 cents per year; single copy, 5 cents; foreign price, 70 cents; payable in cash or money order to the Superintendent of Documents, Government Printing Office, Washington, D. C.

VOLUME 27 - NUMBER 11 - WASHINGTON, D. C.



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ONCE AGAIN total war dominates the agricultural outlook for the coming year. Over-all demand for agricultural products will continue to exceed present stocks plus next year's increased production. To insure fair distribution of the limited supplies, to prevent the 42 billion dynamite dollars— inflationary purchasing power—from shooting food prices skyward, and to stimulate increased production of the most needed commodities, prices will still be determined less in the market place, more by governmental controls. Four ways to increase output in 1944 are: Larger crop acreages, shifts to more intensive crop and livestock enterprises, improved production practices, more efficient food and feed uses. Government programs will serve as guides, but increased output will be achieved only with a great deal of local initiative and action. Harder work is in prospect for American farmers in 1944, and so is the greatest farm income in our history.

FARM OUTLOOK FOR 1944

AMERICANS in the armed forces and in civilian life will be adequately fed and clothed in 1944. Our own tremendous demands, together with growing lend-lease and foreign relief needs, place greater emphasis than usual upon prospective food requirements. Factors customarily of major importance in the outlook for the coming year have again been crowded aside by wartime problems of production, processing, and transportation of agricultural commodities. The prospects for increased output of the various commodities in 1944 are summarized in the following reports, condensed for the most part from materials used at the Twenty-first Annual Outlook Conference in Washington.

FOOD SUMMARY

WHAT ARE the prospects for food production and consumption in 1944? The end of this year will see a record number of livestock on farms. With a plentiful feed supply, this would set the stage for another big increase in livestock production next year. Although feed supplies will be short, it is now estimated that if feed stocks are reduced to a minimum by October 1944, the feed supply per animal unit will be about as large as the average in 1937-41. This situation will make it difficult to get any significant increases in total livestock output. But with an efficient distribution of the available feed supply, livestock production could be maintained at this year's level.

On the other hand, the acreage of food crops will be increased next year. The War Food Administration program calls for 380 million acres next year—16 million acres more than planted in 1943. The WFA has suggested that a larger proportion of the total acreage than in 1943 be devoted to food crops. Barring serious droughts, floods, or other severe weather, therefore, the total food crop production next year could be 4 to 6 percent larger than this year.

The proportion of the 1944 production to be allocated for noncivilian uses will depend to a large extent on mili-

tary developments. As more Axis-held territories are liberated by the Allies, relief shipments, especially to continental Europe, can be expected to increase. In any event, military and lend-lease requirements next year probably will be at least as great as this year, so that supplies for civilians are not likely to be larger than this year and may be somewhat smaller. At the same time, the civilian demand for food—i. e., the amount which civilians would be willing to buy at prevailing prices—will be equal to, or even greater than, in 1943.

It appears, then, that for the year 1944 as a whole civilians will continue to have an abundant supply of cereals and as large a per capita supply of chickens, eggs, fresh fruits and vegetables, potatoes, dry edible beans and peas as in 1943. Civilian consumption of food fats and oils as a group is likely to be maintained at the ration levels of recent months.

Canned fruits and vegetables are expected to be in smaller civilian supply in the first half of 1944 than in the same period this year, but in the second half the supplies may be larger than in the second half of 1943. Red meats and dairy products, however, are expected to be in shorter civilian supply than this year.

Total food production in 1943 is now estimated to exceed the record production in 1942 by 5 percent and

the 1935-39 average by 32 percent. Mainly as a result of unfavorable weather, this year's production of food crops will be lower than last, but an unprecedented output of livestock products will more than offset the reduction in food crops.

Despite large noncivilian requirements in 1943, expected to average about one-fourth of our total food output, and despite restrictions on consumption through rationing, the average civilian will consume 5 percent more food this year than in 1935-39.

1943 Food Production as a Percentage of 1942, 1941, and 1935-39 Average

	Per-cent of 1935-39 average	Per-cent of 1941	Per-cent of 1942
Food grains-----	108	82	78
Truck crops-----	115	99	91
Fruits-----	104	92	90
Vegetables ¹ -----	126	126	119
Sugar crops-----	88	91	80
Total food crops-----	113	97	91
Meat animals-----	150	127	113
Poultry-----	153	132	117
Dairy products-----	113	103	99
Total food live-stock-----	138	120	110
Total food production-----	132	115	105
Civilian food consumption per capita-----	105	95	97
Total agricultural production-----	128	113	102

¹ Excluding truck crops.

In comparing the civilian per capita consumption in 1943 with that of the pre-war period for the major commodities, this year's consumption of pork, eggs, chickens, fluid milk and cream, lard, margarine, fresh citrus fruit, canned juices, canned vegetables, potatoes, and dry edible beans will be significantly larger than in 1935-39. However, the per capita consumption of beef and veal, lamb and mutton, fresh, frozen, and canned fish, cheese, butter, fresh and canned fruits, and fresh vegetables will be less than in the pre-war period.

The 1943 civilian per capita food supply is richer in all of the essential nutrients than in 1935-39 and, except

for vitamin A and ascorbic acid, the vitamin and mineral content of the foods consumed will be at least as high as in 1941 and 1942.

And further, the higher incomes and rationing of the major food items has brought about a more equitable distribution of the 1943 civilian supply than in the recent past.

DEMAND-PRICES-INCOME

FOR THE second successive year, 1944 will witness the greatest demand ever known for agricultural products. In 1944 civilian incomes will be larger with a resultant increased demand, the needs of our armed forces will be greater, lend-lease requirements will be larger, and foreign relief requests will be substantially greater. Although military developments will govern the extent of the demand for American farm products, it is reasonably certain that 1944 requirements will be larger than this year. The over-all need for American produced food will exceed the present productive capacity of American agriculture.

Although total civilian employment in the United States is likely to be slightly smaller in 1944 than this year, incomes will probably be higher. This is accounted for largely by the expected upgrading of employees who replace those inducted into the armed forces. Thus the hourly and weekly earnings of many will increase. Consumer incomes in 1943 are expected to total about 142 million dollars, twice the 1939 total, while the 1944 prospects point to a 10-percent increase over 1943.

About one-fourth of our food production is allocated to military, lend-lease, and other special needs this year compared with 14 percent in 1942 and 6 percent in 1941. Our armed forces are still growing in size, so that military demands for food are increasing. In addition, foreign food needs are increasing as more occupied territories are liberated by the Allies.

Index Numbers of Prices Received and Paid by Farmers

[1910-14=100]

Year and month	Prices received	Prices paid, interest, and taxes	Buying power of farm products ¹
1942			
January -----	149	145	103
February -----	145	147	99
March -----	146	150	97
April -----	150	150	100
May -----	152	151	101
June -----	151	151	100
July -----	154	152	101
August -----	163	152	107
September -----	163	153	107
October -----	169	154	110
November -----	169	155	109
December -----	178	156	114
1943			
January -----	182	157	116
February -----	178	159	112
March -----	182	160	114
April -----	185	162	114
May -----	187	163	115
June -----	190	164	116
July -----	188	165	114
August -----	193	165	117
September -----	193	165	117
October -----	192	166	116

¹ Ratio of prices received to prices paid, interest, and taxes.

These requirements, together with our own civilian requirements, will make total food demands on American agriculture greater in 1944 than this year. How much larger? This cannot be foreseen now, as the course of military developments will determine the extent of the demand. In general, then, American farmers can look forward with reasonable certainty to a strong demand for all they can produce in 1944.

While prices received by farmers in 1943 will average about 20 percent higher than in 1942, somewhat further increases are expected in 1944. Grain and fruit price increases over last year, for example, have been greater than the average for all commodities, but meat animal prices, on the other hand, rose much less than the average. Because of ceilings on hogs and cattle, it is not likely that 1944 meat animal prices will increase much over 1943.

Government price control and material allocation programs have

succeeded in virtually leveling off wholesale prices of nonagricultural commodities. Their stability is an important factor in holding down farm production costs and thus contributing to increased net income of farm operators. The index of prices paid by farmers (1910-14=100) averaged 152 in 1942 and will probably average about 167 in 1943. A further increase is looked for in 1944 but not at as high a rate as this year.

The decrease in the cost-of-living index between May and September this year is largely the result of roll-backs in the ceilings of certain food items. Retail price reductions in butter, meats, eggs, fruits, and vegetables are the principal ones. The effect on farm prices of the reduced retail prices of butter and meats were offset by Reconstruction Finance Corporation subsidies paid to creameries and meat packers.

Highest Cash Income

Cash farm income, including Government payments, will be close to 20 billion dollars in 1943, about 3.8 billion more than in 1942. While the 1944 income will probably be greater, it will not be as much more as 1943 is over 1942. The 1943 cash farm income sets a new record by exceeding the previous one in 1919 by about 5.3 billion dollars. Because 1943 crop production turned out much better than expected a year ago and because prices farmers received in 1943 are higher than anticipated at that time, the *Agricultural Situation* of last November forecast a 1943 cash farm income much lower than is now probable.

The highly favorable 1943 production means that the quantity of 1943 crops available for sale early in 1944 will be nearly as large as the quantity sold in early 1943 from 1942 production. Hog, cattle, and chicken numbers on farms January 1, 1944, are expected to be the largest on record. Thus total marketings of livestock and livestock products in 1944 may not

differ much from 1943, despite smaller feed supplies per animal unit next year.

Because prices received by farmers will probably average higher next year, the large marketings in prospect for 1944 may bring farmers a 10-percent larger cash income than the high record this year.

Production expenses of farm operators are expected to be a billion dollars higher this year than last, but the net income remaining will be close to 12.5 billion dollars, about 3 billion larger than in 1942. This will be by far the largest net farm income on record, 35 percent higher than in 1919, the peak agriculture year of World War I. Volume of agricultural production for sale and for home consumption in 1943 will be about 40 percent larger than in 1919. Thus, the net farm income per unit of output will be smaller this year than during the peak year of World War I.

Prospects point to substantially higher farm production expenses in

1944 than in 1943. Farm wage rates will be higher. So will prices paid for feed, building materials, and similar items, even though price ceilings have held the prices of many nonagricultural things farmers need at a relatively stable level. With larger quantities of fertilizer available in 1944, expenditures for this item will probably be more than this year. But these higher 1944 expenses over 1943 are expected to be more than offset by the 10-percent larger cash income than in 1943. That is, of course, if production conditions are reasonably favorable. Thus farm operators may look for a 1944 net income even larger than this year.

What are farm people doing with the record-breaking income they are now receiving? Part of it is being spent for better family living. A small part is paying increased income taxes—and 1944 income taxes will probably take a larger share than ever before. Much of it is paying off debts—in the

Prices of Farm Products

[Estimates of average prices received by farmers at local farm markets based on reports to the Bureau of Agricultural Economics. Average of reports covering the United States weighted according to relative importance of district and State]

	5-year average		October 1942	Septem- ber 1943	October 1943	Parity price, October 1943
	August 1909-July 1914	January 1935-Dec- 1939				
Wheat (bushel)	dollars	0.884	0.837	1.035	1.30	1.35
Corn (bushel)	do . . . . .	.642	.691	.775	1.09	1.07
Oats (bushel)	do . . . . .	.399	.340	.432	.696	.744
Rice (bushel)	do . . . . .	.813	.742	1.396	1.62	1.70
Cotton (pound)	cents	12.4	10.29	18.87	20.20	20.58
Potatoes (bushel)	dollars . . . . .	.697	.717	1.025	1.34	1.28
Hay (ton)	do	11.87	8.87	9.39	12.90	13.70
Soybeans (bushel)	do	2.96	.954	1.58	1.69	1.80
Peanuts (pound)	cents	4.8	3.55	5.77	7.15	7.97
Apples (bushel)	dollars . . . . .	.96	.90	1.12	2.20	2.08
Oranges, on tree, per box	do	3 1.81	1.11	2.44	2.80	2.61
Hogs (hundredweight)	do	7.27	8.38	1 14.10	14.10	14.00
Beef cattle (hundredweight)	do	5.42	6.56	1 11.07	12.10	11.80
Veal calves (hundredweight)	do	6.75	7.80	1 12.80	13.50	13.20
Lambs (hundredweight)	do	5.88	7.79	1 11.83	12.50	12.20
Butterfat (pound)	cents	26.3	29.1	1 46.6	50.3	50.7
Milk, wholesale (100 pound)	dollars	1.60	1.81	2.87	3.21	3.28
Chickens (pound)	cents	11.4	14.9	19.5	25.2	24.6
Eggs (dozen)	do	21.5	21.7	37.4	41.6	45.2
Wool (pound)	do	18.3	23.8	1 40.1	41.0	40.7
Tobacco:						
Flue-cured, type 11-14	cents	6 22.9		42.4	36.9	41.7
Maryland, type 32	do	7 22.9	17.6	29.0	60.0	59.0

¹ Revised.

² Comparable base price, August 1909-July 1914.

³ Comparable base price, August 1919-July 1929.

⁴ Adjusted for seasonality.

⁵ Preliminary.

⁶ 5-season average, 1934-38.

⁷ Base price crop years 1919-28.

⁸ Does not include dairy feed payments.

3 years 1941-43 there will probably be a net reduction of about 1 billion dollars owed by farm people.

A large portion of the increased income is being saved in one form or another. The years 1941-43 will see an increase of about 5 billion dollars in bank deposits held by farm people. By the end of 1943 farm people will have bought 2 billion dollars worth of war bonds.

With limited supplies of goods and services available next year and with another year of record net income in prospect, it is quite likely that savings of farm families will show another substantial rise in 1944.

FERTILIZER

THE SUPPLY of fertilizer, except for potash, available for food production during the year ended June 30, 1944 will be larger than any previous year. About 12 million tons will be available, compared with 10.5 to 11 million tons consumed in 1943 and 7.8 tons in 1939.

To obtain maximum food production with the supplies available, the War Food Administration has established, under Food Production Order 5, a control system of fertilizer sales by manufacturers to local dealers, agents, and eventually to farmers in order to assure equitable distribution. War Production Board has allocated chemical nitrogen and potash materials to insure equitable distribution to fertilizer manufacturers. War Food Administration, under Food Production Order 12, has likewise allocated the available quantity of organic nitrogenous materials to fertilizer manufacturers.

The total supply of nitrogen available during 1943-44 is expected to be 625,000 tons or 33 percent more than the 460,000 tons consumed in 1942-43. This supply includes 345,900 tons of ammonium nitrate, previously used only in limited quantities in a high analysis solid form because it is being

made available in volume for the first time this year. Domestic production and importation of nitrate of soda is expected to total 805,000 short tons—to be allocated for direct application—and compares with 812,000 tons for similar application last year. Organic nitrogenous material supply is estimated at a minimum of 20,000 tons of nitrogen content, with the possibility of reaching 30,000 tons.

This year's expected superphosphate 18-percent equivalent production of 7 million tons in 1943-44 is 20 percent more than the 5.8 million tons produced last year. Increasing allocations of sulfuric acid will make possible the production of more superphosphate proportionally by the end of the year. Production of treble superphosphate this year is estimated at 275,000 tons.

Potash supplies in 1943-44 will be about 560,000 tons, compared with 590,000 tons in 1942-43 and 461,000 tons in the calendar year 1941. This year's supply includes slightly larger quantities of 50-percent muriate of potash and sulfate of potash-magnesia, about the same quantities of manure salts and sulfate of potash, but smaller quantities of 60 percent muriate of potash than was available last year. Included in the potash supply are about 20,000 tons obtained from miscellaneous sources, such as nitrate of soda, potash, distillery waste, cement food dust, and wood ashes.

Farm Deliveries Now

Although the fertilizer supply for 1943-44 is larger than in any previous year, the greater demand over last year is about equal to the increased supply. This year fertilizer manufacturers began the manufacture of mixed goods in July, several months earlier than usual, in order to accept delivery of materials in monthly installments as made by the primary producers. Many manufacturers' storage bins are now filled, and in order to continue receiving raw materials they must constantly ship their cured mixtures.

Limited labor supplies and storage facilities in the whole fertilizer industry make it necessary for farm operators to apply and accept early delivery of fertilizer. Full use of the greater quantities now forecast can only be realized if the materials are processed and moved to farms at a uniform rate over a 6-month period beginning immediately rather than during the customary 60-day period prior to planting in the spring.

Many manufacturers will be in a position to ship well-cured fertilizer mixtures in November, and nearly all will be in a position to do so by December. Because of wartime storage and transportation difficulties and because of greatly increased demands, it seems highly desirable for farm operators to begin buying their fertilizer in November and December. If they wait to buy it all next spring there will not be the labor and transportation available to move it to farms.

MARKETING AND TRANSPORTATION

PRINCIPAL marketing problems in 1944 will probably be obtaining the labor, materials, and physical facilities necessary to handle, package, process, and transport the anticipated record volume of farm products to be marketed and the adaptation to necessary changes in wartime controls. With demand in excess of supply for practically every farm product, the problem of selling has been temporarily pushed into the background.

Process plant facilities in general will be adequate to handle the large volume of farm commodities remaining to be marketed in 1943 and even to care for still larger output which might be expected with average or better than average weather on expanded acreages in 1944.

Success in handling the large run of livestock this winter depends largely on maintaining an even flow to the slaughterhouses. Oilseed-crushing ca-

pacity is adequate for the country as a whole, but unnecessary transportation could be avoided by further additions to the 25 million bushels of added soybean capacity installed in the Corn Belt this year. Another large late-potato production in excess of storage capacity again next year in Maine, Idaho, and the Red River Valley will mean a repetition of this year's problem unless adequate storage and transportation facilities are provided for in advance.

Processing plant labor for fruits and vegetables was tight in spots this year. The situation will be worse next year unless adequate plans are made well in advance of the season. It may be possible to make greater use of war prisoner labor for this purpose.

After a rapid advance followed by a substantial decline in 1943, marketing margins appear to be fairly well stabilized at present levels, which are near the pre-war level. The immediate future of margins hinges largely on action taken in regard to subsidies and wage rates. Business failures of marketing agencies have been at record lows, and appear likely to continue for some time.

A serious shortage of all types of containers made from wood, paper, fiber, and cloth is threatened unless the labor supply for cutting wood and pulpwood and textile-mill labor is increased.

Tight Domestic Outlook

The transportation outlook for 1944 is spotty. Prospects for ocean shipping have improved greatly due to the favorable turn of the war in the Mediterranean, the reduction in submarine sinkings, and the high output of ship construction. But the domestic outlook is less encouraging.

The general motor transport outlook for 1944 is less favorable than actual conditions have been in 1943. While the railroad outlook is somewhat less critical than the truck prospect, there is little leeway to shift

any substantial volume of freight from trucks to rails. Difficulties facing trucking must be met and solved largely in the trucking field itself if the flow of traffic is to be maintained.

For the months immediately ahead, tires may constitute the principal problem. Synthetic tires are not yet a completely satisfactory substitute for natural rubber in high-speed heavy-duty service. There is no assurance that enough synthetic tires can be produced to go around, not because of a shortage of synthetic rubber, but because of the lack of sufficient tire-making plant, tire cord, and labor. This bottleneck can be broken, but it will take some months under the best circumstances.

For the long pull, the shortage of truck drivers, helpers, and garage mechanics may be a more serious problem to cope with than the tire situation. While farmers generally can drive their own trucks, they will feel the pinch equally with commercial truckers for mechanical service. The need for continued gasoline rationing will make possible adequate gasoline supplies for farmers and other essential users.

Railroad transportation capacity will be limited by the shortage of motive power and certain types of cars, the most important for agriculture being refrigerator and class A boxcars.

FEED

THE TOTAL 1943-44 feed concentrate supply of about 169 million tons is 4 tons smaller than for the 1942-43 season but much higher than the 136 million tons for the 5-year (1937-41) average. Because of record livestock numbers, the concentrate supply per animal unit will be 12 percent less than last season but, by using reserve supplies, will be slightly larger than the 5-year average.

High-protein feed supplies, part of the total, are now estimated to be 11.3 million tons (oil-meal equivalent)

for the 1943-44 season, as compared with 11.2 million tons last season and only 8.9 million tons for the 5-year average.

This year's supply of the four principal feed grains (corn, oats, barley, grain sorghums) is now expected to total about 133 million tons, 11 million tons less than last season but 16 million tons more than the 5-year average. For the year beginning last July more wheat and rye will be fed than for the year previous, and wheat millfeed supplies will be slightly larger.

Although the 97-million-ton hay crop this past season is 8 million tons less than the previous season, the carry-in on June 1, 1943, was 2 million tons larger than a year earlier. Supplies are expected to be sufficient for normal feeding for this season except in the eastern and southern drought areas.

Reserves Now Low

Requirements of the growing livestock population during the past 2 to 3 years have reduced the feed grain reserves accumulated during 1937-39. Since the beginning of 1942, over 125 million bushels of corn and 400 million bushels of wheat have been sold for feed from Government holdings. Even so, total feed grain stocks are still above average, but are likely to be substantially reduced during the present marketing year.

Current consumption of feeds is at a high level, and a larger than usual proportion of the total supply of concentrates probably will be consumed during the first half of the current season. Thus the pinch in feed supplies will become most pronounced next spring and summer. Unless feeds are well distributed and used very efficiently some decrease in total livestock production is in prospect for 1944.

The 1944 feed crop acreage goals call for increases of about 3 million acres of corn and 2 million acres of tame hay. To permit greater pro-

duction of direct food and oil crops, the acreages of oats, barley, and grain sorghums are to be reduced. Even if yields on the suggested acreages are average, feed grain production will be slightly less than 1943, but oilcake and meal output will be greater. Hence, supplies of feed concentrates per animal unit in the 1944-45 season will be about the same as in 1941-42, if, of course, there is no radical change in livestock numbers a year from now.

There will be no marketing quotas for the 1943 corn crop. Although the present corn supply is near the record of last year, livestock numbers are so large, quotas for the purpose of limiting corn sales are not needed for the current season.

Mixed Feed Controls

Commodity Credit Corporation feed wheat sales to feed mixers are now limited to mixed feeds for dairy cows and laying hens.

Soybean and cottonseed purchases and uses are further restricted by recent CCC orders. Soybeans may not be crushed except under contract with CCC. To prevent speculative holdings, purchases of the 1943 crop are prohibited for amounts beyond the requirements of the period ending October 10, 1944. Country shippers, with certain exceptions, are prohibited from holding soybeans in excess of March 31 contract requirements.

Cottonseed inventories held by ginners and other handlers are limited, while persons other than manufacturers, seed dealers, or ginners are prohibited from purchasing 1943-crop cottonseed except for planting. To prevent vegetable-oil waste, purchases of soybeans and cottonseed, in whole or ground form, for use in feed or fertilizer also is prohibited.

A recently revised Food Production Order continues the restrictions on oilseed meal and prohibits the sale and delivery of soybean flour, grits, and similar food products for feed uses. The order also restricts deliveries of

cottonseed meal and cake in less than carload lots under certain conditions and provides for limitations on shipments and general distribution of oilseed meal production if needed.

Feed prices have increased substantially since 1940. Prices of oats and barley have advanced in recent months, but prices of corn and most byproduct feeds are now under ceilings.

DAIRY PRODUCTS

THE 1944 milk production goal of 121½ billion pounds will be achieved only with utmost efforts to offset present conditions tending toward lower production. These efforts will have to be directed toward a 2-percent increase in cow numbers and an average annual production increase of 50 pounds per cow over 1943.

On the other hand, if milk and butterfat prices continue unchanged and if dairy cows do not receive a larger proportion of available feed supplies than in 1943, then both cow numbers and production per cow may decline as much as 1 percent. In this event, next year's milk production may be nearer 116 billion pounds.

Further increases in fluid milk consumption is probable though at a much slower rate because of sales limitations soon to be in effect in nearly all market areas of 50,000 population or over. Production of creamery butter and American cheese may be down as much as 5 percent from 1943, and other products will be in lower volume. Dried skim milk production, however, may be maintained or even increased over 1943 because of the expected diversion from cream to whole milk sales by dairymen.

Rising feed costs have brought the seasonally adjusted milk-feed ratio to the lowest level since the spring of 1940. In addition, dairy feed supplies will probably be smaller in 1944 than in 1943. Price ratios of other livestock products continue relatively

more favorable than dairy products. Consequently, it will be less profitable for dairymen to feed as intensively as in 1943.

Necessary amounts of feed may not be available in feed deficit areas, and other livestock enterprises may compete more effectively for the available supplies of feed. The quality of the labor supply and increased labor costs are further limiting factors of importance to the dairy outlook for 1944.

Regionally, the Atlantic States, the South, and the West have the least favorable factors for maintaining or increasing milk production in 1944. The northeast normally imports large amounts of feed concentrates and so will suffer most from any tendency for feed grains to be used largely where produced. This year's drought areas from southern Pennsylvania to North Carolina and in the South Central States will next year require more than normal in-shipments of feed concentrates and roughage. In the West, feed supplies will be normal or nearly so, but labor shortages will probably be the most important factor in limiting production.

Greater Midwest Gains

Milk production may be most readily maintained or increased in the North Central States, particularly the western part of the region. The relative gain in milk prices over other livestock prices in the region during this year increases the probability that dairy enterprises can successfully compete for the necessary feed. Further extension of markets for whole milk, with the establishing of additional milk-drying facilities in the region, will tend to reduce the scale of hog production as a supplementary enterprise on dairy farms.

The feed payment program, if continued, will be most effective in securing the suggested milk production for 1944 in areas where dairy and other livestock operations compete for feed grown on the same farms, because ceilings on corn prices make it more

profitable to feed corn than sell it. But dairymen who must buy feed are unable to legally offer a price for corn that will induce hog or cattle feeders to sell enough of their corn crop for cash.

WFA Production Aids

The War Food Administration has recently taken a number of steps to improve feed prospects for milk production in 1944. Commodity Credit Corporation feed wheat sales to feed mixers may be used only for feed mixtures for cows and laying hens. CCC also can direct the geographic distribution of 20 percent of the oil-meal supplies if the oil mills do not effect an equitable distribution. WFA has outlined a suggested policy to guide feed mixtures in adjusting their output to meet the production objectives for the different types of livestock. AAA is revising its practice payment schedules to stimulate wider use of pasture and hay as sources of feed. The recent ceilings on hog prices will be a restraining influence on the current practice of hog producers to feed nearly all of their corn and sell very little.

The milk payment program is a favorable factor in helping dairy farmers meet increased labor costs, particularly in areas near war industries. Draft deferment of large numbers of skilled dairy workers, together with the return of many experienced men from other employment, make this phase of the 1944 dairy outlook more favorable than a year ago.

Strong Post-War Demand

Present prospects point to a strong post-war demand for dairy products. If consumer incomes are only at a moderate level the domestic market can comfortably absorb the 14-percent increase in total milk production during the past 4 years. In addition, there will probably be a substantial foreign demand for dairy products for some time after hostilities cease. Scattered information indicates that

continental European milk production, for example, may be as much as a third to half below pre-war levels.

Domestic production shifts are likely to occur in areas where there has been a wartime expansion to meet local fluid milk requirements of greatly increased populations. The output of manufactured products will probably strike a new balance, with higher values placed on those utilizing non-fat solids. In general, it will be some time after victory before the dairy industry will have to depend almost entirely on the domestic market.

POULTRY AND EGGS

PRODUCTION of all poultry products in 1944 is expected to exceed the 1943 record output. Despite the restraining influence of tight poultry feed supplies, egg production may be a little more than 1943, while chicken and turkey meat output will probably be about the same.

As with many other agricultural products, the 1944 cash farm income from poultry and eggs is likely to be slightly larger than the 1943 record high. Although the average price for laying mash in 1944 is very likely to be above 1943, current high egg prices point to a more favorable egg-feed price relationship than average.

An 8- to 10-percent increase over 1942 in hen and pullet numbers on farms at the end of 1943 is in prospect, according to the usual relationship between the number of chickens raised during a season and the number of layers on December 31. Favorable egg prices and record numbers of late birds raised this year will tend to make the increase greater than 10 percent, despite the restraining influences of a prospective tight supply situation for poultry feeds and other factors.

With something like 10 percent more layers at the start of the year, a considerable drop in the rate of production per bird could occur in 1944 without less egg production than in 1943.

A total output as great as in 1943, or somewhat greater, now appears likely. The civilian per capita consumption of eggs in 1944 may be at least as large as in 1943.

Favorable factors affecting the rate of lay per bird in 1944 are the prospective increases in proportion of pullets in laying flocks, probable further increases in laying capacity of new pullets, and the relatively high protein content of poultry feed supplies.

Because the production rate per bird varies materially between regions, the national 1944 average egg production per hen and pullet housed on January 1 will depend on the areas in which heavy or indiscriminate culling takes place. From the standpoint of efficient utilization of feeds, it is desirable that the lowest producers be culled to bring numbers in line with probable feed supplies.

If there are fewer chickens raised during all of 1944 than in 1943, the number of layers on farms may be reduced somewhat from the record high expected in early 1944 but probably not until the second half of the year. The outcome of feed crops in 1944 will be important in determining the number of layers for 1945 and the number of chickens raised in the spring of 1945, because culling of potential layers varies considerably in the fall and early winter.

Egg Prices Steady

Egg prices next spring probably will be at least as high as they were last spring, at that time a little below levels permitted by ceilings, because of continued direct war uses as well as a stronger civilian demand. Prices of eggs to farmers in the second half of 1944 probably will differ very little from a year earlier, in view of the fact that prices of most eggs, except for low grade and small sizes, have been at ceilings most of the time since July 1, 1943.

The relationship between egg prices and feed prices at the farmer level in

the main hatching season next spring may be moderately less favorable. Reduced total feed supplies or a less favorable relationship between feed costs and egg and poultry prices will tend to cut poultry numbers in 1944.

Despite the War Food Administration consideration of requests from vendors for canceling Government contracts to deliver dried egg in November, December, and January, comparatively large quantities of dried egg probably will be purchased during 1944 to meet overseas requirements. Cancelations will be replaced from production and purchases next spring.

Although the number of chickens raised on farms and for broilers may be smaller next year than this, total chicken meat supplies may be about the same, since slaughter from laying flocks may be much greater in 1944 than in 1943. The average price received by farmers for chickens in 1944 will probably be about the same as in 1943.

Turkey raising methods are changing, in that producers are buying an increasing proportion of the poult they start, instead of hatching them from their own eggs. Commercial production of breeding eggs and poult apparently has not kept pace, so that the poult shortage, the primary limiting factor in turkey production, was particularly acute in 1943.

Some indications point to an increase in the number of breeder turkeys to be saved for next year. Allowing for offsetting factors, it appears likely that production of turkey may be about the same in 1944 as in 1943, considerably above the pre-war average.

LIVESTOCK

PRESENT prospects point to a 1944 meat production of about 24 billion pounds, equal to the record-breaking output of 1943. But this large production will not be enough to fully supply all needs in either year. The 1944 military, lend-lease, and foreign-

relief meat demands will probably be about a fourth higher than in 1943. Thus the amount allocated to civilians will be proportionately smaller.

Cattle and calf slaughter in 1943 is expected to be a million head more than last season, even though inspected slaughter may be 1 to 2 million head less. This year's hog slaughter may be about 93 million head, 20 percent above a year ago. The unusually heavy sheep slaughter in the last few months may bring the total 1943 slaughter above the 1942 record.

Record Cattle Numbers

Even though the 1943 cattle slaughter will be the largest on record, cattle numbers on farms January 1, 1944, are expected to be about 3 million head larger than the previous high of over 78 million head on the first of this year. Favorable weather and high feed crop yields during the last 3 to 4 years have encouraged large cattle numbers on farms; but if feed production were to decline to more normal levels, the present large numbers probably could not be supported. In addition, abundant feed supplies, coupled with high cattle prices generally, have tended to restrict the sale of breeding stock in recent years.

A continuation of favorable weather and ample feed crops in 1944 will probably result in increased cattle numbers, even with an expanded slaughter. Thus weather and feed conditions will largely determine the extent of the increase in cattle slaughter next year.

In almost all important feeding States the number of cattle to be fed during the coming winter and spring may be smaller than a year earlier. Causes for the reduction in feeding appear to be associated more with prices than with the availability of feeder cattle. The potential supply of feeder cattle and calves is of near-record size.

Although cattle prices this October were slightly higher than a year earlier, feeders have been uncertain as to what

prices will be next winter and spring under established beef ceilings. The recent order providing for the price stabilization of the various grades of live cattle may resolve some of this uncertainty. Prices of feeders and stockers are now about the same as a year ago, while feed prices have advanced materially.

This year cattle feeders prefer cattle with weight. Calves and steers under 700 pounds are now a smaller proportion of total shipments from feeders to the four leading markets than they were a year ago, and the price premiums on choice yearlings and calves prevailing in recent years are now largely eliminated. But, under the cattle price stabilization order, 1944 cattle prices generally can be as high as in 1943. The prospective strong demand for beef will absorb any supply marketed next year, so that there now is little reason to expect a material price decline next year unless marketings are in excess of processing facilities.

Smaller Pig Crop

The 1943 fall pig crop, because of continued heavy sow marketings from farms, will probably be much less than the 9 million head increase over 1942, or 21 percent, indicated last June 1 by farmers' breeding intentions. In addition, the 1944 spring pig crop may be 10 to 20 percent less than in the spring of 1943 because of smaller feed supplies. Hence hog marketings may be exceptionally heavy during the first 3 months of 1944, but next fall may be below this year. In general, however, total hog slaughter in 1944 may exceed 1943 by 3 to 4 million head, despite the lighter-weight hogs marketed.

If the usual seasonal pattern of hog marketings is followed it is quite likely that processing and transportation facilities will be inadequate and consequently the War Food Administration may be unable to maintain support prices through its meat purchases. Hence it is essential that producers

market their exceptionally large number of hogs in the more systematic manner now recommended. The \$13.75 support price on 200-270-pound butcher hogs is not a guaranteed price to producers—although packers are not allowed to purchase this weight and grade at a lower price—but a price WFA will support through its pork purchases.

Little Hog Price Fluctuations

Hog prices next year will be restricted within rather narrow limits. The upper price limit for all hogs is the \$14.75 ceiling which applies to all hogs, Chicago basis. The lower limit is the \$13.75 support price until October 1944 for Good and Choice butcher hogs, Chicago basis, weighing 240 to 270 pounds, and the \$12.50 support price from October 1944 until April 1945 for the same grade hogs weighing 200 to 240 pounds.

The average price of all hogs at Chicago is generally less than 50 cents under the support prices which apply to Good and Choice grades of specified weights. Thus the extreme range in all hog prices will probably be less than \$1.50 until October 1944 and less than \$2.75 after that time. Sow prices could decline but are not likely to get much out of line because of the expected strong export demand for lard and fat cuts.

Fewer Lambs

The unusually large liquidation of sheep (mostly ewes) in recent months will probably reduce numbers on farms January 1, 1944, to 52 million head. These heavy marketings have been caused largely by a shortage of skilled labor, although there is some difficulty in obtaining concentrate feeds for wintering range flocks. With average weather, the 1944 lamb crop may be 1 to 2 million head smaller than 1943 because of the expected smaller number of ewes on farms and ranches, together with the shortage of skilled labor. Sheep slaughter will undoubtedly be heavy during 1944 but prob-

ably not at the high rate of the past 2 years. Under the present strong demand for meats, sheep and lamb prices probably will continue at or near recent high levels.

The number of sheep and lambs fed during the coming winter and spring will be smaller than a year earlier. While the number fed in feed lots in the Corn Belt States may be about the same as last year, there will be a large reduction in the number fed on Kansas wheat pastures and in nearly all the Western States. Movement of sheep and lambs into feed lots in the eight Corn Belt States was slow during July and August but increased enough during September to bring the 3-month total 3 percent above a year ago.

In Kansas, because of limited rainfall, there is practically no volunteer wheat pasture, and in only a few areas will seeded wheat pastures make sufficient growth to furnish much grazing. Lamb feeding in the Western States and Texas will be materially reduced because of (1) the high prices of feed grains and hay, (2) high asking prices for feeder lambs until the middle of September, (3) reduced acreage of sugar beets, and (4) difficulty in obtaining feeds.

FOOD GRAINS

THE WAR Food Administration program to increase the wheat acreage in 1944 to 67 million acres is about 13 million acres larger than the acreage seeded for the 1943 crop but about the same as the 1932-41 average. If yields are average, this acreage will produce about 840 million bushels—about the same as the 1943 crop.

The 1944 increase in acreage over 1943 is requested primarily because of the large quantities needed for animal feed and alcohol production. Unprecedented livestock numbers on farms makes it necessary to utilize substantial quantities of wheat for

feed, while wheat-grain alcohol is used in the manufacture of synthetic rubber and smokeless powder.

Even with a production of 840 million bushels in 1944, moderate supplies will be available for regular exports, foreign relief, and lend-lease purposes. However, Canadian supplies, on the one hand, though smaller than in 1943, will be adequate to meet large overseas requirements while Argentinian and Australian exportable surpluses, on the other, will be available as the shipping situation is eased.

Larger Wheat Acreage

A 67-million acre goal for wheat involves planting about as much wheat as can be grown after reserving sufficient land for expanding more urgently needed crops and without departing from sound farming practices. The acreage can be expanded without plowing up land which should be kept in grass if cropland idle during recent years is used and if the cycle of crop rotation on some farms is shortened. Demands for food will be imperative for several years, so that sound practices must be followed to insure highest possible yields over a period of years.

The 1944 wheat seeding is expected to be approximately as large an acreage as in the record year of 1937 except in the North Central and Eastern States, where other crops will contribute more to maximum food output. The 1944 program will mean substantial expansion of acreage over 1943 in the Great Plains States from Montana and North Dakota to Texas; somewhat smaller increases in the Pacific Northwest; and about the same or slightly larger acreages in other areas.

Efficient use of the land, even in the principal wheat States of the Great Plains, means that flax, dry beans, potatoes, and grain sorghums in some areas should be given priority over wheat. In the Pacific Northwest, dry peas, dry beans, canning crops, and potatoes should have land priority

over wheat. In the Corn Belt and Lake States, first call in land use should be given to soybeans, corn, dry beans, potatoes, flax, and canning crops. But farmers in the Southern and Eastern States should continue to supply some of the local food and feed needs by planting somewhat larger wheat acreages than this year.

Although United States supplies of wheat for the 1943-44 year are very large and second only to the record supply of the year 1942-43, present prospects point to a disappearance so large as to reduce stocks strikingly by July 1, 1944. In July 1942 stocks reached a record level of 632 million bushels, in 1943 they were 618 million but by July 1944 they are expected to be down to about 300 million.

The large disappearance is being reflected in an increased market demand, which, in the face of reluctant offerings by farmers, has pushed wheat prices to the highest levels in many years. With no large carry-over of old wheat to supplement production in 1944, the supply in 1944-45 will be relatively less than in 1943-44 to satisfy a continued high level of demand, and it is expected that prices may be even higher than in the current year.

Less Rye

Demand for rye has not been increased materially by the war. Production in recent years has been high, and relatively large stocks are on hand. Special emphasis, therefore, has not been placed on rye production thus far in the wartime food production program except in areas where it produces more feed per unit of resources than alternative crops.

The 1944 acreage goal calls for 2.4 million acres of rye harvested for grain. This is about a 17 percent smaller harvested acreage than the 2.9 million acres for the 1943 crop. With average yields, the 1944 acreage would produce a crop of about 27 million bushels. This would provide for the

estimated need of 11 million bushels for food, 8 million bushels for seed, and leave a sizable quantity for livestock feed and alcohol production.

The 1944 rice acreage goal of 1.53 million acres will be about the same as seeded in 1943. With average yields, an acreage of this size would mean a crop of 71 million bushels. This will be enough to take care of estimated needs for food, seed, lend-lease, exports, and still leave a small carry-over at the end of the year. Rice prices are at very high levels, and it is expected that the large rice production will be reached.

FRUIT

TOTAL FRUIT production in the United States in 1944 is likely to be somewhat larger than in 1943. Assuming average weather, reasonably favorable equipment and labor supplies, and about the same fruit acreage as 1943, the 1944 deciduous fruit production will be about 10 percent larger than in 1943, while citrus production will be about the same. Fruit prices in general are expected to continue high, with prices for specified fruits governed by ceilings.

Citrus fruits—chiefly oranges and grapefruit—now constitute about two-fifths of total United States fruit production. Early and midseason orange crops for the 1943-44 season are indicated at 43.7 million boxes, about 18 percent over last season.

California navel and miscellaneous orange crops are expected to total about 18.5 million boxes, about 30 percent more than in 1942-43. Florida early and midseason crops are indicated at 21 million boxes, 10 percent larger than a year earlier. The present outlook for the Valencia orange crops in California is slightly more favorable than a year earlier, but less favorable in Florida.

The 1943-44 grapefruit production, excluding California summer production, is indicated to be approximately

46.7 million boxes, second largest crop on record, only 4 percent smaller than last season's record high. Citrus prices during 1943-44 are expected to continue at or near ceiling levels.

Smaller Fruit Output

Total tonnage of the eight principal deciduous fruits is estimated to be 17 percent smaller this year than in 1942. The record grape crop, with the plum and prune crops combined, however, are larger than a year ago by 16 and 10 percent, respectively. The five other important deciduous crops are lower than a year ago, as follows: Apples, 31 percent; pears, 23 percent; peaches, 37 percent; apricots, 53 percent; and cherries, 37 percent. Production of walnuts, almonds, filberts, and pecans is 10 percent above last year.

Civilian fresh apple supplies for the 1943-44 season probably will be about two-thirds as large as the 31 pounds per capita consumed in 1942-43. The recently established maximum prices for apples are expected to result in a national retail average price of between 10 and 11 cents a pound for the season. Because of the short supply of, and large demand for, apples, prices are likely to remain at ceiling levels. Returns to growers should be the largest in 20 years.

Less Canned Fruit

Total canned pack of deciduous fruits this season will probably be about three-fourths as large as last season's near-record pack. Civilian supplies of canned fruits during the 1943-44 marketing year may be only about three-fifths as large as in 1942-43, but quantities of fruit juices are expected to be somewhat larger.

The 1943 dried fruit pack, mostly raisins and dried prunes, is expected to exceed 600,000 tons, 12 percent larger than 1942. The civilian per capita supply of dried fruits during the marketing year 1943-44 is expected to be about as large as, or slightly larger than, the quantity consumed in 1942-43.

VEGETABLES

COMMERCIAL fresh market truck crop production is estimated to be 9 percent smaller this season than last but about 1 percent larger than the 10-year (1932-41) average. Commercial production of eight important truck crops for processing is also expected to be about 9 percent smaller this year than last, although 59 percent above average.

Growing conditions this season were unfavorable. Severe freezes and cold, wet weather delayed or prevented planting and retarded the growth of truck crops in many areas. Dry, hot weather reduced yields in the late summer. All these factors contributed to lowered production.

Higher Yields Next Year

Yields in 1944 may therefore exceed this year if average growing conditions prevail. Although expected to be equal to, or larger than, this year, the 1944 supplies of labor and equipment will probably continue short of demand.

An unprecedented demand for fresh vegetables is in prospect for 1944. High consumer purchasing power, rationing of canned and frozen vegetables, and limited supplies of many other foods and consumer goods in general are expected to contribute to a strong demand for fresh vegetables. Some increase in acreage is probable, but it is unlikely that 1944 production can be expanded sufficiently to fully meet total civilian and noncivilian requirements.

Demand for truck crops for processing is also expected to be greater in 1944 than in 1943. Some expansion in acreage of processing crops seems likely, and 1944 yields may be substantially above 1943 if growing conditions are average or better. Even so 1944 production will probably not meet total requirements.

The canned vegetable pack from 1943 production is expected to be somewhat smaller than last year's

record pack. Carry-over stocks from the 1942-43 season were small, so that total 1943-44 canned vegetable supply is smaller than a year ago. Civilian supply of canned vegetables during 1943-44 may be only about three-fourths to four-fifths as large as the quantity consumed in 1942-43.

Slightly Fewer Potatoes

Production of potatoes in 1944 may be smaller than the 469-million-bushel record production indicated for this year, unless conditions are unusually favorable. Some acreage expansion is expected, but yields were at a record high this year, averaging 139½ bushels per acre, and may be somewhat lower in 1944 if growing conditions are nearer average.

Requirements for potatoes are expected to continue extremely high. The civilian potato supply during the 12-month period July 1943 through June 1944 is estimated to be about 14 percent larger than consumption during the preceding 12-month period. The supply in the first 6 months of 1944 is expected to be substantially larger than during the first half of 1943.

The size of next year's potato crop, probably somewhat smaller than this year's unless near-record yields are again obtained, will determine the supply during the second half of 1944. Total supplies will probably be larger in 1944 than in 1943. Demand is expected to be more than adequate to absorb these larger supplies, and prices will therefore probably continue to be nearer ceiling levels than support price levels.

Larger Dry Bean Crop

The 1944 dry edible bean crop may exceed the 1943 record 22.2-million-bag crop. An increase in acreage is probable to more than offset lower yields of more average seasons than the high yields of 1943. Largest acreage increases are likely to take place in new dry land areas rather than in established bean-growing areas. Dry bean supplies for the marketing year 1943-

44 (September through August) are substantially larger than in 1942-43; civilian per capita supply is expected to be about one-fifth larger.

FATS AND OILS

TOTAL PRODUCTION of fats and oils from domestic materials may reach 11.3 billion pounds in the 1943-44 marketing year, compared with 11 billion pounds last year and 10 billion pounds two years ago. This upward trend may be halted or reversed in 1944-45. Vegetable-oil output may continue to rise further; but with a reduced pig crop expected in 1944, a decline in animal-fat production is likely beginning next fall.

Some increase in imports of fats and oils and oil-bearing materials is expected in 1944 as a result of improvement in the ocean-shipping situation.

Average yields from the 1944 acreage goals of cottonseed, peanuts, soybeans, and flaxseed will result in a probable output of oil from these four crops of well over 4 billion pounds for 1944-45. This will be about 10 percent greater than the probable output in 1943-44 and nearly 20 percent greater than the 1942-43 production. Production of corn, olive, and tung oils probably will continue to total about 250 million pounds yearly.

Animal-fat production in the United States in 1943-44 probably will reach a peak 5 to 10 percent above the 6.9 billion pounds produced a year earlier. This increase will occur mainly in lard production, reflecting slaughter of the record 1943 pig crop, but animal-fat production in 1944-45 is likely to be lower. With reduced supplies of feed concentrates available, the pig crop in 1944 may be 10 to 20 percent smaller than this year. Marketings of 1944 spring pigs will begin in October next year.

Tallow production will depend largely on the rate of cattle slaughter. With the large number of cattle now

on farms and somewhat reduced supplies of feed concentrates, some increase in slaughter may occur.

In view of the probable large requirements for fats and oils in 1944 and 1945 and the likelihood of some decline in animal-fat production beginning in the fall of 1944, substantial increases in the acreages of soybeans and peanuts are planned for 1944. A 19-percent increase in soybean acreage and 23-percent increase in peanut acreage are in prospect.

The 1943 goal of 5.5 million planted acres of flaxseed was exceeded by nearly 800,000 acres, making the crop the largest ever harvested in this country. A 6-percent decrease in flaxseed acreage is expected for 1944, because maximum capacity for production of this crop probably has been reached when considering the need for wheat and other grains.

Greater Export Needs

Export requirements are likely to expand in the coming year. The food fat supply in continental Europe in 1944 may total only about 7 billion pounds, compared with a pre-war level of approximately 12.5 billion pounds. When the war in Europe ends, a substantial quantity of imported fats will be needed. Part of these imports probably can be obtained from Argentina and other surplus-producing areas, but for a year or two the demand for imports from the United States will be comparatively strong.

Resumption of whaling activities on a large scale would help relieve the European fat shortage, but this cannot be accomplished before the 1944-45 season and may not be achieved before 1945-46.

All fats and oils are now covered by ceiling orders. The index number of prices (1940-14=100) of eight domestic fats and oils advanced from 109 in 1941 to 142 in midsummer 1943. Fats and oils prices are expected to continue at relatively high levels during the balance of 1943, throughout 1944, and probably into

1945. A strong domestic and foreign demand for fats and oils will operate to maintain prices at or near ceiling levels.

Support prices were established by the Government in 1942 and 1943 to encourage production of oilseeds. In 1943-44 all commercial peanuts are to be marketed through designated Government agencies at a price nearly \$20 per ton higher than the average price in 1942-43.

The average soybean price received by farmers in the 1943-44 marketing year is expected to be close to the support price of \$1.80 per bushel for green and yellow varieties. Ceilings on oil and meal will prevent prices from rising much above this level.

The farm price of flaxseed probably will remain close to the level permitted by ceiling prices at terminal markets. At the Minneapolis market the ceiling of \$3.05 per bushel is equivalent to an average farm price of \$2.80 to \$2.85 per bushel. Support prices for flaxseed are approximately 20 cents per bushel below ceiling prices.

Cottonseed prices are supported by agreement between crushers and Commodity Credit Corporation at \$55 to \$56 per ton f. o. b. country shipping points.

In 1944-45 the prices of the four principal oilseeds—cottonseed, soybeans, flaxseed, and peanuts—are likely to be as high as in 1943-44, even if production is expanded further next year.

FIBERS

THE CARRY-OVER of all cotton in this country was 10,656,952 bales on August 1, the beginning of the 1943-44 marketing year. This carry-over is 17,000 bales larger than at the beginning of last season. Domestic carry-over of American cotton increased 64,000 bales from a year ago to total 10,569,000 at the beginning of this season. In contrast, domestic carry-over of foreign cotton dropped

47,000 bales from a year ago to total 88,000 bales at the beginning of 1943-44.

Production estimates now place this year's American output at about 11.1 million bales. Thus the total domestic supply of American cotton for 1943-44 is expected to be 21.7 million bales, about 1.4 million less than for the 1942-43 season.

Larger Cotton Acreage

Present indications point to a 1944 cotton acreage goal in the neighborhood of 22½ million acres, about one-quarter of a million acres more than planted in 1943.

Although a comparatively large cotton carry-over is in prospect for the end of the 1943-44 season, much of it will continue to be in shorter staples and lower grades. The War Food Administration is urging cotton producers to improve the staple length and grade of the 1944 crop. The longer staple cotton is in much greater demand, and in some parts of the Cotton Belt yields obtained from varieties that will staple fifteen-sixteenths inch and longer are fully as good as can be obtained from the very short staple varieties now grown.

Disappearance (consumption, exports, and destroyed) is expected to be less than last season's total of 12.6 million bales. If consumption totals about 10 million for the full season, the disappearance of domestic cotton may total about 11.5 million bales. This would result in an end-of-season carry-over of about 10.2 million bales, a reduction of about 400,000 bales.

Despite decreased foreign production in both 1941 and 1942, the world carry-over of foreign-grown cotton has increased each year since 1939. In foreign countries, the carry-over has increased by about 5 million bales. On the other hand, world consumption of foreign cotton has declined each year since 1938-39. As a result, the estimated 1943 carry-over of about 12½ million bales of foreign grown cotton

is the largest on record, about two-thirds larger than in August 1939.

Shorn wool production in 1944 may be slightly smaller than the 377-million-pound 1943 production, because of a reduction in sheep numbers. Pulled-wool production in 1944 will probably be about the same as in the past 2 years about 67 million pounds.

Mill consumption of apparel wool has been at a record level since 1941 as a result of larger military requirements. Consumption in the year ended June 1943 totaled 1.1 billion pounds, compared with 1.0 billion pounds in 1941-42 and a 1936-40 average of 600 million pounds. Although domestic production has been at record or near-record levels in the last few years, large mill requirements have made it necessary to import large quantities of foreign wool. Wool stocks now on hand in this country are large.

Prices of domestic wools have been close to ceiling levels since December 1941. Under a Government purchase program set up for domestic wools in April 1943, growers are paid ceiling prices, less freight and handling charges, for all wool sold to the Commodity Credit Corporation.

TOBACCO

PRESENT prospects point to a 1944 domestic tobacco production considerably above the 1.4 billion pounds produced in 1943. Individual farm marketing quotas and acreage allotments for burley and flue cured will be increased 20 percent above 1943. There are no quotas or allotments for other types of tobacco.

The continued strong demand, together with this season's high crop prices, will, of course, be another stimulant for increased plantings next year. In most areas available land will be adequate for expanded acreages. More fertilizer, except potash, will be made available to farmers next year than this year. Two restraining influences against increased production,

however, will be local labor shortages and continued pressures for larger food crop output.

Over-all disappearance of domestic leaf will reach an all-time peak in 1943 and may be slightly higher in 1944. Because of this high level of disappearance and because the 1943 production was 1 percent less than 1942, present stocks of most types of leaf are smaller than a year ago.

This year's cigarette consumption, both military and civilian, will be at the highest level on record and may continue upward in 1944. Following the usual pattern of rising income, the

consumption of snuff and chewing tobacco has increased since the outbreak of war.

On the other hand, the 1943 consumption of cigars and smoking tobacco, as indicated by revenue stamp sales, is below 1942. Byproduct uses, such as nicotine sulfate, will be about 23 million pounds in 1943.

The 1943 production of flue-cured tobacco at 782 million pounds compared with 812 million in 1942, but burley production is 390 million pounds this year as against 343 in 1942. Other type output is 229 million for 1943, compared with 258 in 1942.

FARM MACHINERY IN 1944

UNDER LIMITATION order L-257, issued June 15, farm machinery manufacturing program in the year ending next June 30 provides for production of about 80 percent as much farm machinery as was produced in 1940. Compared with 1940, larger production quotas are provided for harvesting equipment than for other classes of farm machines. For example, the program for tractors calls for manufacture of about 55 percent of the 1940 total, planting equipment about 85 percent, and harvesting equipment about 110 percent.

Apart from the higher level of production permitted by the L-257 program, compared with last year's, several other factors assure a more timely flow of machinery in the year ahead than in the first 18 months of the war.

The Controlled Materials Plan, which on July 1 succeeded the Production Requirements Plan, is designed to control requests for materials and to match requests with available supply. In addition, manufacturers now are required to schedule monthly production of each machinery item and to report its schedule and any subsequent changes to the War Production Board. This information enables a check on manufacturers' actual production and

places WPB in position to transfer all or part of any manufacturer's quotas in case it is evident the manufacturer cannot reach the quotas.

Sufficient quantities of steel and other needed materials, it is reasonably assured, will be made available to complete production of the L-257 program. An allotment of 300,000 tons of carbon steel was made for the third quarter of 1943 to complete production authorized under the 1943 L-170 program and to commence production July 1, 1943, under the L-257 program. Approximately 245,000 tons were made available for the fourth quarter. Until allotment of steel is made for the first and second quarters of 1944, the exact quantity of farm machinery to be produced under L-257 cannot be predicted.

The following discussion summarizes the method employed by the War Food Administration in determining, item by item, the Nation's farm machinery requirements for 1944. These requirements, adjusted to expected material allocations, are the basis for L-257 manufacturing quotas.

In March 1943 the Director of the Food Production Administration requested each State USDA War Board to report its State's 1944 requirements

for each important item of farm machinery. In large part, these reports were conservative. They were based upon the principle that in the present world crisis only those efforts should be carried on which have a direct bearing on the successful conduct of the war; and that every farm should confine all efforts to those crops and livestock which are contributing directly to the food programs and dismiss all possible work which could be postponed until the crisis in food production is safely over.

As a basis for compiling estimates of machinery needs in individual States, farmers in each county were supplied with a "Farm Plan Work Sheet" and requested to answer the following questions:

1. What farm equipment, if any, you do not now possess and the services of which you cannot obtain through loan, hire, or contract, is vitally essential to you in your production operations?
2. Without such equipment, what crops, livestock, or livestock products will be affected?
3. Was the operation for which this equipment is needed performed last year?
4. What serviceable machines now on your farm will not be used by you in 1943?
5. What serviceable machines, now on your farm, will be available for rental or contract use in 1943?

Answers to these questions were summarized by County War Boards and they, in turn, made the information available to their State War Board to use in determining State needs for farm machinery in 1944. In arriving at the numbers of the more important items of equipment needed, State War Boards consulted with other qualified persons. They were guided by a recent Bureau of Agricultural Economics report of the numbers of implements on farms, their age, and amount of work done in a season. This information is available for each of the 48 States.

A narrative analysis of the machinery situation, based upon answers obtained to questions 2, 3, and 4 of the "Farm Plan Work Sheet," was submitted to Washington by most State USDA War Boards. Throughout these summaries the scarcity of farm labor was repeatedly discussed. The labor situation, of course, was a major factor increasing the need for farm machinery. Committees in the War Food Administration edited and summarized the State reports and, using them as a base, arrived at national requirements for each item of farm machinery. Specialists in the Department of Agriculture and the War Production Board were consulted in considering these requirements.

Factors Considered

Numerous factors had to be taken into consideration in arriving at final figures for the 1944 farm machinery program. Those having the greatest influence on the decisions of County and State War Boards, as well as those working at the national level, were: 1. Replacement requirements; 2. Need for tractors and complementary tractor equipment to offset decrease in horse and mule population; 3. The influence of the critical labor situation on the need for labor-saving equipment; and 4. Shifts in cropping and livestock production patterns to meet war demands.

Replacements were kept at a low level in determining requirements for individual items or groups of items of farm machinery. Because of the vast amounts of critical materials needed for producing planes, ships, and tanks, and because of intensive repair programs for farm machinery, the estimated need for replacement was not allowed in any case to exceed 4 percent of the total farm inventory. The rapid expansion in use of tractor power has materially lessened the need for horse drawn equipment. Furthermore, a number of items of tractor or tractor drawn equipment are so new that replacements may very well be kept at a low level for a year or two.

Nearly half of the total drawbar power on farms is furnished now by tractors. Since 1935 the numbers of tractors on farms have nearly doubled, and the numbers of horses and mules have declined by more than 3,250,000 head, or about 21 percent. In the same period, the acreage of cropland harvested has increased by about 25,000,000 acres, or 7 percent. Consequently, the equivalent work animal unit per 100 acres of harvested cropland is the lowest since 1935. The decline in numbers of horses and mules has ranged from 640,000 in 1937 to 141,000 in 1942, and because the colt crop decreased considerably in 1941 and 1942, the decline this year is expected to be as much as 250,000. Along with the decrease in numbers of horses and mules on farms, their average age has steadily increased. Approximately 39 percent of the horses and mules now on farms probably are over 15 years of age.

Fewer Horses

The decline in numbers of horses and mules on farms and the very rapid increase in numbers of tractors have had a decided influence on the type of equipment needed. Recent rapid expansion in purchase of farm tractors has developed a decided demand for complementary tractor equipment. At the same time, the decline in numbers of work stock has decreased materially the need for horse and mule drawn equipment. Furthermore, at the period when the expansion in tractors on farms was at its height, namely, 1940-41, many farmers did not purchase a full set of complementary equipment. Since that time, opportunity to purchase it has been restricted, with result that there is now a more than normal demand for such equipment.

The Bureau of Agricultural Economics labor reports show that the present supply of workers lack the skill of the seasoned workers who have left the farm. It was indicated in a June report of BAE that about 13

percent of farm workers on June 1, 1943 were under 14 years of age as compared with 4 percent on April 1, 1942. It also shows a sharp increase in the percentage of females working on June 1, 1943 compared with April 1, 1942.

The farm labor situation, especially the lack of skill of many of those remaining on farms, is closely related to the comments by various State War Boards concerning the need for labor-saving equipment. Especially in highly industrial areas, where much farm labor has been drawn into war industries, some War Boards reported that farmers might have to curtail food production unless additional machinery could be obtained.

More Machines Needed

Requirements for individual machinery items in the 1944 program are pointed to the agricultural production goals for 1944. The level of agricultural production that can be attempted in 1944 will be determined to a large degree by the adequacy of farm equipment. Needs for food and fibre in 1944 will require adjustments to new farm enterprises in many areas and necessitate new equipment. Substantial need for more combines, corn pickers, peanut equipment, and other items of mechanical equipment is evident in these adjustments.

Agricultural production in 1943 is expected to be about 37 percent higher than in 1935. This increased production is largely in livestock and livestock products and in a shift from extensive to intensive crops. A volume of production larger than in 1943 is needed and will be attempted in 1944, which clearly points out the increased need for farm power and agricultural equipment.

Compared with the 1943 planted acreage, the 1944 wheat acreage goal of 67,000,000 acres represents an increase of 24 percent. This needed increase of about 13,000,000 acres of wheat will require new tillage and planting as well as harvesting equip-

Economic Trends Affecting Agriculture

Year and month	Indus- trial produc- tion (1935- 39= 100) ¹	Income of in- dustrial workers (1935- 39= 100) ²	Cost of living (1935- 39= 100) ³	Whole- sale prices of all com- modi- ties ⁴	1910-14=100				Prices paid, interest and taxes	Farm wage rates		
					Prices paid by farmers for commodities used in—							
					Living	Produc- tion	Living and pro- duction					
1925	90	126	125	151	163	147	156	169	176			
1926	96	131	126	146	162	146	155	168	179			
1927	95	127	124	139	160	144	153	166	179			
1928	99	126	123	141	160	148	155	168	179			
1929	110	134	122	139	159	147	154	167	180			
1930	91	110	119	126	150	141	146	160	167			
1931	75	84	109	107	128	123	126	142	130			
1932	58	58	98	95	108	109	108	124	96			
1933	69	61	92	96	108	108	108	120	85			
1934	75	76	96	109	122	123	122	129	95			
1935	87	86	98	117	124	127	125	130	103			
1936	103	100	99	118	123	125	124	128	111			
1937	113	117	103	126	128	136	131	134	126			
1938	89	91	101	115	122	125	123	127	125			
1939	109	105	99	113	120	122	121	125	123			
1940	125	119	100	115	121	124	122	126	126			
1941	162	169	105	127	131	131	131	133	154			
1942	199	238	116	144	154	149	152	151	201			
1942—August	204	251	118	145	156	150	153	152	-----			
September	208	256	118	145	157	151	154	153	-----			
October	215	262	119	146	158	151	155	154	220			
1943—August	242	311	123	151	172	164	169	165	-----			
September	243	316	124	151	171	167	169	165	-----			
October			124	150	172	167	170	166	280			

Year and month	Index of prices received by farmers (August 1909-July 1914=100)							Ratio, prices received to prices paid, interest and taxes	
	Grains	Cotton and cotton- seed	Fruits	Truck crops	Meat animals	Dairy prod- ucts	Chick- ens and eggs		
1925	157	177	172	153	141	153	163	156	92
1926	131	122	138	143	147	152	159	145	86
1927	128	128	144	121	140	155	144	139	84
1928	130	152	176	159	151	158	153	149	89
1929	120	144	141	149	156	157	162	146	87
1930	100	102	162	140	134	137	129	126	79
1931	63	63	98	117	92	108	100	87	61
1932	44	47	82	102	63	83	82	65	52
1933	62	64	74	105	60	82	75	70	58
1934	93	99	100	103	68	95	89	90	70
1935	103	101	91	125	117	108	117	108	83
1936	108	100	100	111	119	119	115	114	89
1937	126	95	122	123	132	124	111	121	90
1938	74	70	73	101	114	109	108	95	75
1939	72	73	77	105	110	104	94	92	74
1940	85	81	79	114	108	113	96	98	78
1941	96	113	92	144	144	131	122	122	92
1942	119	155	125	199	189	152	151	157	104
1942—August	115	151	126	256	200	151	156	163	107
September	119	156	129	191	195	156	166	163	107
October	117	158	134	226	200	165	173	169	110
1943—August	155	167	204	308	206	181	193	193	117
September	158	171	204	311	207	185	201	193	117
October	162	171	197	264	203	187	212	192	116

¹ Federal Reserve Board, adjusted for seasonal variation. Revised November 1943.

² Total income, adjusted for seasonal variation. Revised March 1943.

³ Bureau of Labor Statistics.

⁴ Bureau of Labor Statistics index with 1926=100, divided by its 1910-14 average of 68.5.

⁵ Revised.

Note.—The index numbers of industrial production and of industrial workers' income shown above are not comparable in several respects. The production index includes only mining and manufacturing; the income index also includes transportation. The production index is intended to measure volume, whereas the income index is affected by wage rates as well as by time worked. There is usually a time lag between changes in volume of production and workers' income, since output can be increased or decreased to some extent without much change in the number of workers.

ment. Assuming that 2,500,000 acres must be harvested by new combines, 6,000 new combines would be needed for wheat alone.

Soybean acreage in 1943 was more than double that of 1941, and the 1944 goal calls for a 19 percent increase. Much of the expansion in soybean acreage to date has been in new areas, which has increased the need for tillage and planting, and particularly harvesting, equipment. About 8,000 new combines of the smaller sizes would be needed for each million-acre increase.

After reaching the lowest point in over 40 years, corn acreage increased 4 percent from 1941 to 1942. And the 1944 goals call for a 4-percent increase over 1943, which would call for considerable new corn machinery. To mechanically harvest a 1,000,000-acre

increase, for example, would require 5,000 corn pickers apart from a much larger number of pickers required to compensate for loss of farm labor.

The expected acreage of peanuts picked and threshed in 1943 is more than twice the 1941 acreage and the 1944 acreage goal calls for a 23-percent further increase. The expanded peanut acreage already has materially increased the requirements for peanut equipment, especially tooth weeders, side delivery rakes, and peanut pickers.

Dry edible bean and potato goals for 1944, calling for a combined acreage increase of 11 percent, are examples of other crops requiring much new equipment.

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DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS
WASHINGTON, D. C.

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